

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 OES-07 AID-05 ABF-01
OMB-01 CIAE-00 INR-07 NSAE-00 L-03 SS-15 NSC-05
IGA-02 FSE-00 EB-07 /076 R

DRAFTED BY TREAS:OASIA/ODNF:RBANQUE/JGORLIN
APPROVED BY STATE:OES/APT/BMP:JFRY
TREAS:OASIA/ODNF:FMARESCA
TREAS:OASIA/ODNF:RPELIKAN
TREAS:OGC:RGOODMAN
TREAS:GFO/DOD:CDO:LBRUNSON
AID:NE/ME:JHOLTAWAY
AID:SER/FM/LD:DDILL
STATE:NEA/IAI:MANDERSON
STATE:OES/APT/BMP:ACHAPMAN
TREAS:OGC:RMUNK (INFO)
TREAS:GFO/ACC:SCOMINGS (INFO)
TREAS:GFO/DFMI:WJORDAN (INFO)
TREAS:GFO/DFMI:JTURNER (INFO)
TREAS:GFO/DOD/CDO:JABBOTT (INFO)
TREAS:FCS/BCM:IKESSER (INFO)
TREAS:FCS/BCM:DSKILES (INFO)
TREAS:OS:OBPA:AKALLEN (INFO)
TREAS:OS:OBPA:WHEFFELFINGER (INFO)
STATE:A/BF/FC:RWHITENER (INFO)
AID:SER/FM/LD:ASMITH (INFO)

-----141639Z 003472 /73

P 131543Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY TEL AVIV PRIORITY
USOFFICE RFC PARIS PRIORITY

UNCLAS STATE 108275

E.O. 11652: N/A

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TAGS: OSCI IS, TECH, AFIN

SUBJECT: U.S. CONTRIBUTION TO U.S.-ISRAEL BINATIONAL
INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION

TEL AVIV PASS ECONOMIC COUNCELOR

REFERENCE: STATE 101866

1. SUMMARY: THIS TELEGRAM TRANSMITS THE TEXTS OF THE

LETTERS WHICH WILL BE EXCHANGED IN WASHINGTON (PARA 2 REFTEL)
AND--IN ORDER TO COORDINATE ACTIVITIES ON THE DATE OF
SIGNATURE--ELABORATES ON OUR UNDERSTANDING OF THE STEPS THAT
EMBASSY TEL AVIV AND USDO PARIS WILL TAKE ON THE DATE OF
SIGNATURE (PARAS 5 AND 7 OF REFTEL). END SUMMARY

2. OPERATIVE PORTIONS OF TEXT OF AMBASSADOR DINITZ' LETTER
TO SENIOR TREASURY OFFICIAL (PARAGRAPHS ARE LETTERED IN
THIS CABLE FOR REFERENCE):

A. ON BEHALF OF MY GOVERNMENT, I HAVE THE HONOR TO
INFORM YOU THAT THE GOVERNMENT OF ISRAEL IS TODAY CONTRI-
BUTING THE EQUIVALENT IN ISRAELI POUNDS OF \$30 MILLION
(\$30,000,000) TOWARD THE ORIGINAL ENDOWMENT OF THE UNITED
STATES-ISRAEL BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT
FOUNDATION ("FOUNDATION"), PURSUANT TO THE MARCH 3, 1976
AGREEMENT BETWEEN OUR TWO COUNTRIES ESTABLISHING THE
FOUNDATION.

B. I ALSO HAVE THE HONOR TO INFORM YOU, ON BEHALF OF
MY GOVERNMENT, THAT THE GOVERNMENT OF ISRAEL HAS TODAY
PREPAID CERTAIN PUBLIC LAW 480 DEBTS DESCRIBED IN THE
ANNEX TO THIS LETTER. IT IS MY GOVERNMENT'S UNDERSTANDING
THAT AN EXCHANGE RATE OF (BLANK) ISRAELI POUNDS TO THE U.S.
DOLLAR GOVERNS THE TRANSACTIONS INDICATED IN THIS EXCHANGE
OF LETTERS.
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C. I WOULD APPRECIATE IF YOU WOULD CONFIRM, ON BEHALF
OF YOUR GOVERNMENT, THE FOREGOING UNDERSTANDING THAT THIS
LETTER AND YOUR REPLY CONSTITUTE AN AGREEMENT BETWEEN OUR
TWO GOVERNMENTS.

3. OPERATIVE PORTIONS OF TEXT OF ANNEX TO DINITZ LETTER
(PARAGRAPHS LETTERED IN THIS CABLE FOR REFERENCE)

A. LIST I: LOANS WITHOUT "MAINTENANCE OF VALUE"
PROVISIONS:

| LOAN NO. | INSTALLMENTS BEING PREPAID | AMOUNT (ISRAELI POUNDS) |
|-------------|-------------------------------|----------------------------|
| 271-G-043 | 9/1/77-1987 | 12,503,096.44 |
| 271-G-046 | 10/1/77-1987 | 3,289,753.44 |
| 271-G-058 | 8/1/77-1987 | 7,855,750.00 |
| 271-G-064 | 7/1/77-1983 | 5,882,425.00 |
| 271-G-065 | 9/1/77-1987 | 18,371,700.90 |

| | | |
|------------|--------------|---------------|
| 271-G-073A | 9/11/77-1986 | 14,127,272.80 |
| 271-G-073B | 6/29/77-1986 | 14,833,636.44 |
| 271-G-073C | 6/22/77-1986 | 8,118,243.01 |
| 271-G-097 | 7/20/77-1984 | 4,171,122.91 |
| 271-G-106 | 9/20/77-1987 | 12,588,240.00 |
| 271-G-119 | 6/7/77-1987 | 17,020,767.38 |

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| | | |
|-----------|--------------|--------------|
| 271-G-130 | 7/14/77-1983 | 6,226,260.75 |
|-----------|--------------|--------------|

TOTAL IL 124,958,269.07

B. LIST II: LOANS WITH "MAINTENANCE OF VALUE"
PROVISIONS:

| LOAN NO. | INSTALLMENTS BEING PREPAID | AMOUNT (ISRAELI POUND) | AMOUNT (U.S. DOLLARS) |
|-----------|----------------------------|------------------------|-----------------------|
| 271-D-006 | 8/1/85-1997 | 1,511,084.16 | |
| 271-G-004 | 1986 | 983,382.27 | |
| 271-G-007 | 1986-1987 | 1,265,050.03 | |
| 271-G-009 | 11/1/85-1987 | 1,446,134.23 | |
| 271-G-010 | 8/1/85-1988 | 5,974,335.02 | |
| 271-G-012 | 7/1/85-1989 | 747,329.40 | |
| 271-G-015 | 9/1/85-1989 | 4,304,198.07 | |
| 271-G-026 | 9/09/85-1990 | 107,926.18 | |
| TOTAL | | \$16,339,439.36 | |

4. \$16,339,439.36 REPRESENTS ISRAELI POUND EQUIVALENT OF
AMOUNT OF MOV PREPAYMENT NEEDED TO REACH PRECISELY U.S.

\$30 MILLION AT EXCHANGE RATE OF APPROXIMATELY IL 9.1 U.S.
\$1. ASSUMING EXCHANGE RATE STAYS ABOVE IL 9.1 U.S. \$1,
ADDITIONAL AMOUNT OF ISRAELI POUNDS REQUIRED TO REACH
PRECISELY U.S. DOLS 30 MILLION WILL BE DRAWN FROM THE
FOLLOWING INSTALLMENTS IN ORDER OF PRECEDENCE (I.E.,
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JULY 1, 1985 INSTALLMENT OF 271-G-007 MUST BE ENTIRELY PREPAID BEFORE DRAWING FROM JULY 1, 1985 INSTALLMENT OF 271-G-004 ETC.)

| LOAN NO. | INSTALLMENT | AMOUNT OF INSTALLMENT |
|-------------|-------------|--------------------------|
| 271-G-007 | 7/1/85 | \$366,330.05 |
| 271-G-004 | 7/1/85 | 471,683.73 |
| 271-G-009 | 5/1/85 | 295,028.88 |
| 271-G-026 | 3/09/85 | 9,046.44 |
| 271-G-015 | 3/01/85 | 533,766.14 |

5. BARRING ANY FURTHER DEVALUATION, WE ASSUME THAT ISRAELI POUND WILL REMAIN WITHIN APPROXIMATE RANGE OF 9.15 AND 9.40 ISRAELI POUNDS TO DOLLAR, AND THEREFORE THE JULY 1, 1985 INSTALLMENT OF LOAN NO. 271-G-007 WILL BE THE ONLY LOAN TO BE PARTIALLY PREPAID. THIS INSTALLMENT WILL BE THE "SWING" INSTALLMENT. SHOULD THE POUND DROP BEYOND THIS RATE, NEXT LOAN ON LIST IN PARA 4 WILL BECOME SWING INSTALLMENT. EITHER WAY, PREPAID PORTION OF ADDITIONAL INSTALLMENT WILL BE ADDED TO LIST II (PARAGRAPH 3B ABOVE) BY (A) INCLUDING THE INSTALLMENT DATE IN THE "INSTALLMENTS BEING PREPAID" COLUMN, (B) ADDING THE DOLLAR AMOUNT OF THE PARTIAL PREPAYMENT INTO THE PROPER LOAN LINE(S) AND (C) CHANGING THE "TOTAL" LINE OF THE "AMOUNT (U.S. DOLLAR)" COLUMN TO REFLECT THE ADDITIONAL PREPAYMENTS. IN ADDITION TO INCLUSION OF SWING INSTALLMENTS ONCE EXCHANGE RATE IS IDENTIFIED, WE WILL COMPUTE POUND EQUIVALENTS FOR EACH LOAN REPAYMENT AND TOTAL.

6. OPERATIVE PORTIONS OF TEXT OF SENIOR TREASURY OFFICIAL
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LETTER TO DINITZ:

A. ON BEHALF OF MY GOVERNMENT, I HAVE THE HONOR AND DISTINCT PLEASURE TO INFORM YOU THAT THE GOVERNMENT OF THE UNITED STATES IS TODAY CONTRIBUTING THE EQUIVALENT IN ISRAELI POUNDS OF THIRTY MILLION DOLLARS (\$30 MILLION) TOWARD THE ORIGINAL ENDOWMENT OF THE UNITED STATES-ISRAEL BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION ("FOUNDATION"), PURSUANT TO THE MARCH 3, 1976 AGREEMENT BETWEEN OUR COUNTRIES ESTABLISHING THE FOUNDATION.

B. I ALSO HAVE THE HONOR TO ACKNOWLEDGE YOUR LETTER OF TODAY'S DATE INFORMING ME OF THE EQUIVALENT CONTRIBUTION TO THE FOUNDATION BY THE GOVERNMENT OF ISRAEL. ON BEHALF

OF MY GOVERNMENT, I ALSO ACCEPT YOUR GOVERNMENT'S PREPAYMENT OF THE PUBLIC LAW 480 DEBTS DESCRIBED IN THE ANNEX TO YOUR LETTER, AND CONFIRM OUR AGREEMENT THAT AN EXCHANGE RATE OF (BLANK) ISRAELI POUNDS TO ONE U.S. DOLLAR GOVERNS THE TRANSACTIONS INDICATED IN OUR EXCHANGE OF LETTERS.

C. I AM CONFIDENT THAT THE FOUNDATION WILL STRENGTHEN ECONOMIC COOPERATION BETWEEN THE UNITED STATES AND ISRAEL AND WILL PROMOTE MUTUALLY-BENEFICIAL LINKS BETWEEN THE ENTERPRISES OF OUR COUNTRIES IN THE FIELD OF APPLIED SCIENCE AND TECHNOLOGY.

D. ON BEHALF OF MY GOVERNMENT, I WISH TO CONFIRM THAT YOUR LETTER AND PRESENT LETTER CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS.

7. WE WOULD LIKE TO REVIEW OUR UNDERSTANDING OF THE STEPS EMBASSY TEL AVIV AND USDO PARIS WILL TAKE ON THE DATE OF THE EXCHANGE OF LETTERS. IF A SIGNIFICANT STEP DOES NOT SEEM FEASIBLE FROM THE POINT OF VIEW OF THE EMBASSY OR USDO PARIS PLEASE LET US KNOW. (ALL TIMES ARE LOCAL TIME TEL AVIV.)
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A. AT 11 A.M. THE BANK OF ISRAEL WILL ANNOUNCE EXCHANGE RATE (WHICH WILL HOLD UNTIL 10:59 A.M. OF THE FOLLOWING DAY).

B. EMBOFF WILL CALL ON FINANCE MINISTRY (ALDOUBY) IN JERUSALEM TO AGREE ON:

-- AMOUNT OF CHECK IN ISRAELI POUNDS FOR ENDOWMENT ACCOUNT A. THIS CHECK SHOULD BE FOR IL 124,958,269.07.

-- AMOUNT OF CHECK IN ISRAELI POUNDS FOR ENDOWMENT ACCOUNT B. THIS CHECK SHOULD BE SUFFICIENT SO THAT CHECKS FOR ACCOUNTS A AND B EQUAL EXACTLY U.S. DOLS 30 MILLION AT THE EXCHANGE RATE FOR THAT DAY.

-- AMOUNT OF CHECK IN ISRAELI POUNDS FOR INTEREST PAYMENTS. (THIS AMOUNT WILL BE CALCULATED ONCE DATE OF EXCHANGE IS DETERMINED. EMBOFF AND ALDOUBY WILL THEREFORE HAVE THIS FIGURE PRIOR TO ACTUAL DATE.)

-- AMOUNT OF THE ADDITIONAL OR "SWING" INSTALLMENT(S) BEING PREPAID (SEE PARA 5 ABOVE) THAT WILL BE ADDED TO \$16,339,439.36. ENTIRE AMOUNT TO BE CONVERTED INTO POUNDS.

C. EMBOFF AND ALDOUBY IMMEDIATELY PHONE ISRAEL EMBASSY/WASHINGTON (PHONE 202-452-1240) WHERE RAFF/GORLIN WILL BE WAITING TO CONCUR ON FINANCIAL DETAILS IN PARAS 7A AND 7B.

D. EMBOFF RECEIVES THREE CHECKS DRAWN IN ISRAELI POUNDS FROM ALDOUBY IN JERUSALEM AND IMMEDIATELY DEPOSITS CHECKS IN AMERICAN-ISRAEL BANK LTD., JERUSALEM BRANCH. PLEASE CONFIRM THAT BANK HAS BRANCH IN JERUSALEM.

E. EMBOFF NOTIFIES USDO PARIS AND WASHINGTON BY UNCLASSIFIED

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IMMEDIATE CABLE OF SEPARATE POUND AMOUNTS PREPAID UNDER

MOV AND NON-MOV LOANS IN ORDER THAT USG PAYMENTS CAN BE MADE TO ENDOWMENT ACCOUNTS A AND B. ALSO INCLUDE EXCHANGE RATE USED FOR TRANSACTIONS AND CONFIRMATION OF DEPOSIT IN AMERICAN-ISRAEL BANK, LTD.

F. UPON RECEIPT OF CABLE, USDO PARIS WIRES AMERICAN-ISRAEL BANK LTD AND REQUESTS WIRE TRANSFER OF FUNDS TO BANK OF ISRAEL FOR FOUNDATION ACCOUNTS A AND B. USDO PARIS REQUESTED TO CONFIRM THAT WIRE TRANSFER POSSIBLE.

G. EMBOFF CONFIRMS RECEIPT OF FUNDS BY BANK OF ISRAEL AND NOTIFIES TREASURY (GORLIN; 202-566-5712) BY PHONE WITH CABLE CONFIRMATION.

8. EMBOFF MAY WISH TO REVIEW PARA 7 PROCEDURES WITH AMERICAN ISRAEL BANK AND BANK OF ISRAEL, AS APPROPRIATE TO ENSURE THEIR UNDERSTANDING THAT ENTIRE TRANSACTION MUST BE COMPLETED AT LATEST BY 10:59 A.M. ON DAY FOLLOWING DATE OF EXCHANGE OF LETTERS. PLEASE LET US KNOW IF OUR UNDERSTANDING OF EXPECTED PROCEDURES IS CORRECT.

9. THIS CABLE WAS REVIEWED BY RAFF OF ISRAEL EMBASSY, AND SHOULD BE SHOWN BY EMBOFFS TO ALDOUBY TO ENSURE FINANCE MINISTRY AGREEMENT WITH PROCEDURES AND TEXTS OF LETTERS AS WELL AS DATA ON LOAN PREPAYMENTS, ESPECIALLY SWING INSTALLMENTS.

10. EMBASSY WILL BE ADVISED AS SOON AS DATE FOR EXCHANGE OF LETTERS IS SET. CHRISTOPHER

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RESEARCH, FINANCIAL CONTRIBUTIONS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE108275
Document Source: ADS
Document Unique ID: 00
Drafter: TREAS:OASIA/ODNF:RBANQUE/JGORLIN
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Expiration:
Film Number: D770171-0548
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197705110/baaaevxf.tel
Line Count: 316
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 9c69e888-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: STATE 101866
Retention: 0
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Review Content Flags:
Review Date: 15-Dec-2004 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
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SAS ID: 2345498
Secure: OPEN
Status: NATIVE
Subject: U.S. CONTRIBUTION TO U.S.-ISRAEL BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION
TAGS: OSCI, TECH, AFIN, IS, US
To: TEL AVIV RFC PARIS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9c69e888-c288-dd11-92da-001cc4696bcc
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